

Message Text

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PAGE 01 STATE 098399
ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

DRAFTED BY EA/PRCM:SROY:MGH
APPROVED BY EA:WHGLEYSTEN
S/S-O:R.GAMBLE

-----301908Z 083622 /42

R 301859Z APR 77 ZFF6
FM SECSTATE WASHDC
TO USLO PEKING
INFO AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 098399

NODIS

E.O. 11652: GDS

TAGS: PFOR, EFIN, CH, US

SUBJECT: PRC RESPONSE ON CLAIMS/ASSETS

REF: STATE 62960

1. PRCLO DEPUTY CHIEF HAN HSU CALLED ON ASSISTANT SECRETARY HOLBROOKE APRIL 29 TO REPLY TO HOLBROOKE'S PRESENTATION OF MARCH 17 ON THE CLAIMS/ASSETS QUESTION. HAN WAS ACCOMPANIED BY COUNSELOR TSIEN TA-YUNG AND INTERPRETER YANG YU-YUNG.

2. HAN SAID THE CHINESE HAD STUDIED THE POSITION STATED BY THE US SIDE ON MARCH 17 AND WISHED TO REPLY AS FOLLOWS (HAN THEN READ THE FOLLOWING STATEMENT FROM A NOTEBOOK IN HIS HAND):

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BEGIN TEXT

THE BLOCKING OF PROPERTIES OF CHINESE NATIONALS BY US ELEMENTS AFTER THE FOUNDING OF THE PEOPLE'S REPUBLIC OF CHINA IS IN ITSELF ILLEGAL. THE CHINESE SIDE ABSOLUTELY DOES NOT RECOGNIZE IT. AS FOR THE SO-CALLED PROPERTIES OF US NATIONALS IN CHINA, EVEN IF THE FIGURES SUPPLIED

BY THE US GOVERNMENT WERE TO BE ESTABLISHED, WITHOUT

TAKING INTO ACCOUNT THEIR ONE-SIDED NATURE, THEY WOULD NOT IN ANY WAY BE COMPARABLE TO THE EXPLOITATION OF THE CHINESE PEOPLE AND THE PLUNDERING OF CHINESE RESOURCES BY US CAPITAL OVER A LONG PERIOD OF TIME.

THE US SIDE SHOULD BE CLEARLY AWARE: IT IS THE US THAT OWES THE CHINESE PEOPLE DEBTS. THE CHINESE SIDE HAS THE RIGHT TO SETTLE ACCOUNTS WITH THE US SIDE. NEVERTHELESS, DURING DR. KISSINGER'S VISIT TO CHINA IN FEBRUARY 1973, PROCEEDING FROM THE OVERALL SITUATION, IN WHICH A NEW BEGINNING IN SINO-US RELATIONS HAD APPEARED AFTER THE ISSUANCE OF THE SHANGHAI COMMUNIQUE, THE CHINESE SIDE, IN ORDER TO PROMOTE THE DEVELOPMENT OF FRIENDSHIP BETWEEN THE CHINESE AND AMERICAN PEOPLES, AGREED TO SOLVE THE ISSUE BETWEEN CHINA AND THE US BY A PACKAGE SETTLEMENT, THAT IS, BY HAVING THE PROPERTIES OF US NATIONALS IN CHINA AND THE BLOCKED PROPERTIES OF CHINESE NATIONALS IN THE US OFFSET EACH OTHER.

THROUGHOUT THE ENTIRE COURSE OF THE NEGOTIATIONS SINCE THEN, THE CHINESE SIDE HAS ALWAYS ADHERED TO THE SPIRIT OF A PACKAGE SETTLEMENT AND HAS ENDEAVORED TO PROMOTE A REASONABLE SETTLEMENT OF THE ISSUE. THE PRINCIPLES UPHELD BY THE CHINESE SIDE ARE AS FOLLOWS: FIRST, US LAWS CAN BY NO MEANS GOVERN CHINA. NO WORDINGS SUCH AS "DESIGNATED AND SPECIAL DESIGNATED NATIONALS OF THE PRC" WHICH ONE-SIDELY GIVE CONSIDERATION TO US LAWS

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SHOULD BE USED IN DOCUMENTS AND AGREEMENTS BETWEEN THE TWO SIDES. SECOND, BONDS AND BONDED DEBTS ISSUED BY DEFUNCT GOVERNMENTS OF OLD CHINA ARE ALL NULL AND VOID. THE CHINESE SIDE HAS ABSOLUTELY NO OBLIGATION TO REPAY THEM. THIRD, DEPOSITS ALREADY WITHDRAWN BY THE CHINESE SIDE FROM THIRD COUNTRY BANKS, FROM ACCOUNTS BLOCKED BY THE US SIDE, ARE NOT INCLUDED WITHIN THE SCOPE OF THE ASSIGNMENT OF ASSETS TO THE US. ALL THREE OF THESE PRINCIPLES ARE REASONABLE AND ARE ENTIRELY IN CONFORMITY WITH THE UNDERSTANDING CONCERNING A PACKAGE SETTLEMENT.

THEREFORE, SO FAR AS THE CHINESE SIDE IS CONCERNED, THE QUESTION OF RETURNING TO THE UNDERSTANDING ORIGINALLY REACHED DOES NOT EXIST. THE RESPONSIBILITY FOR CAUSING COMPLICATIONS DOES NOT REST ON THE CHINESE SIDE. WE HAVE ALWAYS MAINTAINED THAT SETTLEMENT OF THE ASSETS ISSUE BETWEEN CHINA AND THE US SHOULD NOT BE DIFFICULT AS LONG AS THE US SIDE REALLY HAS A SINCERE DESIRE TO DO SO. THAT IS THE POSITION OF THE CHINESE SIDE.

END TEXT.

3. HOLBROOKE SAID THAT HE COULD ASSURE HAN OF THE SINCERITY OF THE PRESIDENT AND THE US GOVERNMENT IN SEEKING A RESOLUTION OF THIS ISSUE. HE SAID THAT THE US SIDE WOULD HAVE TO STUDY THE CHINESE POSITION.

4. IN RESPONSE TO A COMMENT THAT THE CHINESE REPLY APPEARED TO AMOUNT TO A RESTATEMENT OF THE POSITION TAKEN BY THE CHINESE IN NOVEMBER 1973, HAN SAID THAT THE POSITION HE HAD STATED HAD BEEN THE CONSISTENT CHINESE POSITION, AS STATED BOTH IN NOVEMBER 1973 AND ON JUNE 14, 1974.

5. HOLBROOKE EXPRESSED APPRECIATION TO THE CHINESE GOVERNMENT FOR CONSIDERING OUR PROPOSAL AND ASSURED HAN THAT WE WOULD GIVE THE SAME SERIOUS CONSIDERATION TO
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THEIR PROPOSALS THAT THE CHINESE HAD GIVEN TO OURS.

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66011
DRAFTED BY: S/S-PSEBASTIAN
APPROVED BY: S/S- MR SEBASTIAN
-----021445Z 094250 /46

O 021405Z MAY 77 ZFF4
FM SECSTATE WASHDC
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C O N F I D E N T I A L STATE 098399

NODIS
WHITE HOUSE FOR BRZEZINSKI

FOL TEL SENT ACTION PEKING INFO HONG KONG DTD 30 APR 1977 DTG
R 301859Z APR 77 QTE

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E.O. 11652: GDS

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CHRISTOPHER UNQTE VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CLAIMS, BLOCKED ASSETS, DIPLOMATIC DISCUSSIONS, FOREIGN POLICY POSITION, DEBT REPAYMENTS, CAT-B
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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From: STATE
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Litigation History:
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Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: CONFIDENTIAL
Original Previous Handling Restrictions: NODIS
Page Count: 6
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Previous Handling Restrictions: NODIS
Reference: 77 STATE 62960
Retention: 0
Review Action: RELEASED, APPROVED
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2656432
Secure: OPEN
Status: NATIVE
Subject: PRC RESPONSE ON CLAIMS/ASSETS
TAGS: PFOR, EFIN, PREL, US, CH, (HAN HSU), (HOLBROOKE, RICHARD)
To: PEKING HONG KONG
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1cd8309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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22 May 2009
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